

UNITED STATES DISTRICT COURT
EASTERN DISTRICT OF NEW YORK

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SECURITIES AND EXCHANGE COMMISSION, :

Plaintiff, :

-v- :

PLATINUM MANAGEMENT (NY) LLC; :

PLATINUM CREDIT MANAGEMENT, L.P.; :

MARK NORDLICHT; :

DAVID LEVY; :

DANIEL SMALL; :

URI LANDESMAN; :

JOSEPH MANN; :

JOSEPH SANFILIPPO; and :

JEFFREY SHULSE, :

Defendants. :

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No. 16-CV-6848 (BMC)

THE RECEIVER’S FOURTH STATUS REPORT TO THE COURT

Melanie L. Cyganowski, the duly appointed Receiver (the “Receiver”) of Platinum Credit Management, L.P., Platinum Partners Credit Opportunities Master Fund LP,¹ Platinum Partners Credit Opportunities Fund (TE) LLC, Platinum Partners Credit Opportunities Fund LLC, Platinum Partners Credit Opportunity Fund (BL) LLC, Platinum Liquid Opportunity Management (NY) LLC, Platinum Partners Liquid Opportunity Fund (USA) L.P., Platinum Partners Liquid Opportunity Master Fund L.P., Platinum Partners Credit Opportunities Fund International Ltd and Platinum Partners Credit Opportunities Fund International (A) Ltd (collectively, the “Receivership Entities,” the “Platinum Entities” or “Platinum”), by her undersigned counsel, hereby submits this Fourth Status Report, covering the period from April 1, 2018 through and including June 30, 2018 (the “Reporting Period”).

¹ Platinum Partners Credit Opportunities Master Fund LP, and its feeder funds are collectively referred to herein as “PPCO” and the Platinum Partners Liquid Opportunity Funds are collectively referred to as “PPLO”.

This quarterly status report is being filed in accordance with the requirements of the Second Amended Order Appointing Receiver (the “Receiver Order”), entered on October 16, 2017 [Dkt. No. 276].

I. PRELIMINARY STATEMENT

During the Reporting Period, the Receiver continued her efforts to monetize the remaining assets in the portfolio and simultaneously dedicated resources to an analysis of the pre-receivership business and affairs of Platinum and an investigation into potential causes of action that could yield meaningful recoveries for the Platinum estate (the “Receivership Estate”). During the Reporting Period, the Receiver and her team² (i) completed the sale of certain assets, (ii) continued the marketing of other assets that had been launched to market during the previous quarter, most notably the Abdala gold mine tailings impoundment in Brazil (the “Abdala Tailings Project”), (iii) launched the marketing of certain additional assets, and (iv) continued to perform due diligence and evaluate options for monetizing the remaining assets in the portfolio, including assessing which assets are capable of being marketed now and which have no present or likely future market value.

During the Reporting Period, the Receiver consummated the sale of the ALS life settlements portfolio. The marketing and bidding process with respect to the Abdala Tailings Project has progressed since the last report and the Receiver expects to complete the final bidding process in the near term and, absent any unexpected setbacks, present to the Court for approval a proposed sale during the third quarter of 2018. In addition to monetizing the portfolio investments, the Receivership Team is continuing to investigate pre-Receivership activities,

² To assist her with her duties, the Receiver sought the retention of counsel and a financial advisor. To that end, on July 21, 2017, the Court approved the retention of Otterbourg P.C. (“Otterbourg”) as legal counsel to the Receiver [Dkt. no. 231] and Goldin Associates LLC as her financial advisor [Dkt. no. 232] (“Goldin” and, together with Otterbourg, the “Receivership Team”).

including determining if there exist any viable causes of action that may be of meaningful value to the Receivership Estate.

II. SUMMARY OF OPERATIONS OF THE RECEIVERSHIP

A. Appointment of Receiver and Duties

On December 19, 2016, the District Court entered an Order Appointing Receiver, [Dkt. Nos. 6 and 16], which appointed Bart Schwartz as receiver (the “Prior Receiver”). At the time of his appointment, the Prior Receiver was serving as a monitor for the Platinum Entities.

On June 23, 2017, after six months, the Prior Receiver resigned and, upon the recommendation of the SEC, by Order dated July 6, 2017, Melanie L. Cyganowski was appointed as Receiver, effective immediately (*i.e.*, July 6, 2017), and ordered to assume all authority previously held by the Prior Receiver. [Dkt. No. 216].

Under the terms of the Receiver Order, the Receiver is, among other things, required to preserve the *status quo*, ascertain the extent of commingling of funds, ascertain the true financial condition of the Platinum Entities, prevent further dissipation of property and assets of those entities, prevent the encumbrance or disposal of property or assets of the Platinum Entities, preserve the books, records, and documents of the Platinum Entities, be available to respond to investors’ inquiries, protect investors’ assets, conduct an orderly wind down, including a responsible disposition of assets and an orderly and fair distribution of those assets to investors, and determine whether one or more of the Receivership Entities should undertake bankruptcy filings.

B. Analysis and Disposition of Receivership Assets

The Receivership Team continued to evaluate the assets and prioritize those investments that either required immediate attention or could be most readily monetized. To the extent possible, the Receiver has worked with other investors in the asset at issue to maximize recovery

for both the Receivership Estate and that outside investor. As previously reported, most of the Receivership assets are investments in companies that are in the developmental stages and have not yet had proven success, or have failed to achieve stated expectations and, thus, may have little or no value. In addition, the investments are located around the country and around the world. As a result, many of the investments are problematic, have real or potential significant liabilities, and/or require additional cash investment for the underlying company (still in the developmental stages) to continue or resume operations. Even the real estate assets are problematic and have limited marketability.

The Receiver continues to only make expense payments that are necessary to maintain or preserve the value of assets, to protect collateral and/or to stabilize operations. Because many assets have been sold during the past four quarters since the Receiver's appointment, the liabilities have been substantially reduced. The Receiver continues to believe that, under the circumstances of the Receivership, no asset warrants capital investment beyond what is necessary to preserve that asset and maintain value until monetization is possible. To the extent that it is determined that an asset has no value (or value that is estimated to be less than maintenance costs), the Receiver will not invest further resources to maintain such asset. When possible, the Receiver has undertaken negotiations with other investors or stakeholders involved with assets, including management, to infuse additional cash into the investment to preserve value until the asset can be sold, as well as to reduce ongoing expenditures.

Because the investments are diverse, the monetization options vary greatly from one investment to another. For example, the types of companies in which these investments were made range from pharmaceutical startups, to foreign "shell" companies, to a chain of small grocery stores in rural China. While many of the assets are in the metals, mining and energy

sectors, each of these companies are located in different regions domestically and globally and, as a result, have unique characteristics. Some investments are in companies that are in bankruptcy or similar proceedings and, consequently, have an additional layer of complication.

The Receivership Team has sought to “triage” the various assets: first focusing on those assets that are relatively liquid, such as publicly traded stocks, life settlement investments and litigation finance investments; and then focusing on those assets that are less liquid, but that nonetheless, with greater time and effort, can be marketed and hopefully monetized. For the most part, the assets that are relatively liquid or have a readily available market have been sold. The Receiver continued to focus on the remaining assets during the Reporting Period. Certain sales of investments have been completed; certain others are nearing the completion of the sale process; others have been launched to market; and a remaining bucket of assets that are currently unmarketable continue to be analyzed to determine disposition options.

To assist the Receiver with the monetization of the assets, she retained Houlihan Lokey Capital, Inc. (“Houlihan Lokey”)³ and Conway MacKenzie Capital Advisors, LLC (“Conway MacKenzie”).⁴ Houlihan Lokey and Conway MacKenzie are each responsible for different assets and there is no overlap in the work performed by each.

Because of Houlihan Lokey’s areas of expertise, it was retained to market and sell specific assets including (i) the ALS life settlements portfolio, (ii) the litigation finance portfolio, (iii) the Abdala Tailings Project, (iv) LC Energy Operations LLP, and (v) Urigen

³ The Court approved Houlihan Lokey’s retention on November 11, 2017, *nunc pro tunc* to September 11, 2017, and issued a Memorandum Opinion regarding Houlihan Lokey’s retention on November 21, 2017 [Dkt. No. 285] (the “Houlihan Opinion”).

⁴ Conway MacKenzie’s retention was approved by the Court on November 11, 2017, *nunc pro tunc* to October 12, 2017. [Dkt. No. 280].

Pharmaceuticals, Inc.⁵ As the Court acknowledged in the Houlihan Opinion, Houlihan Lokey was retained because of, among other reasons, its extensive experience with several hedge fund wind-downs, its experience with marketing illiquid assets across a broad spectrum of alternative investments, and its breadth of knowledge of potential investors to create a competitive environment to maximize recovery. *Houlihan Opinion* at 6.

The Receiver also retained Conway MacKenzie to provide due diligence and assist with the disposition of certain remaining assets that are not being marketed by Houlihan. Conway MacKenzie was asked to conduct due diligence and recommend a strategy to monetize the following assets: (i) Buffalo Lake Advanced Biofuels, LLC (“BLAB”), (ii) Desert Hawk Gold Corp. (which was monetized during the prior application period); (iii) Daybreak Oil and Gas, Inc., (iv) American Patriot Gold, (v) Greentown Oil Company, (vi) Arabella Exploration, (vii) NordAq Energy, (viii) Xcell Energy, and (ix) Decision Diagnostics Corp.

In addition to the due diligence performed by Houlihan Lokey and Conway MacKenzie on the assets that each has been asked to review, the Receiver and the Receivership Team have also fully debriefed Platinum’s portfolio managers that were working at Platinum at the time of her appointment with respect to each of the investments, have had extensive interaction with the management teams of the underlying portfolio companies (when available and appropriate) and have received input from investors and Platinum’s prior management regarding investments.

During the Reporting Period, the Platinum Receivership received approximately \$11.8 million from the sale of certain investments. Certain parties have asserted a claim to all or part of the proceeds of certain of such liquidated investments.

⁵ Platinum’s investment in Urigen Pharmaceuticals, Inc. is not currently ripe for marketing as management has obtained third party financing to enable it to continue the required testing on the product that is still in the developmental stage. While the Receivership Team has periodic calls with management to discuss the status of the business and its finances, Houlihan is not currently marketing this investment.

The foregoing amount received during the Reporting Period is in addition to the approximately \$23 million received by the Platinum Receivership from the liquidation of other assets since the Receiver was appointed. None of these assets has been marketed or sold in a “fire sale” fashion. The investments monetized during the Reporting Period and the proceeds received by the Receivership Estate were as follows:

- ALS life settlement portfolio: \$10.5 million⁶
- Alcor Energy Solutions: \$600,000
- Pedevco Corp.: \$300,000
- Martin Kenney & Co. Ltd.: \$300,000
- Rolling Acres of Stamford: \$100,000

C. Forensics Investigation

In addition to the monetization of assets, potential sources of recovery include claims by the Receiver as innocent successor to the Platinum Entities against possible liable parties. Goldin and Otterbourg have assembled a forensics team to seek to review the complicated series of transactions entered into during the years prior to Platinum was placed into receivership and to analyze the flow of funds.

During the Reporting Period, the Receiver timely commenced a confidential arbitration action against a third party professional that had provided services to Platinum. (Following appointment of the arbitration tribunal, the Receiver will seek permission to disclose the name of the third party professional, nature of the claims and status of the arbitration.) No other litigation seeking recovery against third parties has yet been initiated and no litigation recoveries have

⁶ An additional \$1.88 million attributable to one of the policies that was sold was received by the Receivership Estate on July 11, 2018, following the close of the Reporting Period. This additional amount will be reflected in the Receiver’s next report.

been received. In addition to commencing the arbitration proceeding, the Receivership Team continued to investigate certain pre-receivership activities to assess the enforceability of claimed security interests in Platinum's assets, analyze the nature, intent and consideration given for transfers of Platinum's assets and determine whether additional causes of action exist against, among others, valuation agents, fund administrators, auditors, legal advisors and other professional firms. This analysis includes reviews of the pertinent valuations prepared for Platinum by third party advisors, and involves identifying, gathering and analyzing information relied upon by the advisors, and assessing the reasonableness of the methodologies used in connection with the valuations. The analysis also includes the solvency of Platinum, and the value of the assets it transferred and consideration given in return. Inquiries like these seek to facilitate the Receiver's assessment of whether the Receivership Estate has actionable claims against any persons or parties who putatively provided professional services to Platinum.

In addition, during the Reporting Period, the Receiver issued subpoenas to certain parties and it is anticipated that additional subpoenas will be issued during the present quarter. The Receivership team has been analyzing documents produced in response to such subpoenas and has had communications with representatives of the subpoena targets regarding their responses. For certain claims in which a statute of limitations may be approaching, the Receiver has, and will continue to, reach out to the potential target to enter into tolling agreements to allow the Receivership Team the appropriate time to investigate potential claims. To date, the Receiver has entered into one or more tolling agreements.

The Receivership Team also has continued the historical review of Platinum's activities and flow of funds. The Receivership Team is in the process of considering whether or not these

activities and flow of funds were proper, and if not, whether they give rise to potential causes of action for which Platinum may realize additional recoveries.

D. Administrative Matters

The Receiver and the Receivership Team continued to speak and meet with various interested parties and groups during the Reporting Period, including the joint liquidators for Platinum Partners Value Arbitrage Fund L.P. (together with its feeder funds, “PPVA”)⁷, counsel for the defendants named in the SEC’s criminal complaint (the “Defendants”), investors and their representatives, equity holders in specific investment vehicles in which Platinum is the majority holder, and the SEC. The Receiver also held a third “town hall” style meeting with investors and other interested parties via webinar and telephone to provide an update on the actions taken to date and to answer questions. The Receiver has committed to hold similar forums going forward. The Receiver regularly updates the Receiver’s website with key documents, answers to frequently asked questions, and status reports to investors. The Receiver and the Receivership Team also meet in person or by telephone with investors and/or their representatives upon request. The Receiver and the Receivership Team have attempted to respond to investor inquiries and continue to regularly respond and react to such inquiries and requests for information.

During the Reporting Period, the Receivership Team spent time objecting to a fee application filed by a law firm retained by Platinum prior to the Receivership and that continued to provide legal services, without Court-approved retention, to the Prior Receiver after the commencement of the Receivership. The Receiver believes the law firm is not entitled to be

⁷ PPVA is the subject of insolvency proceedings pending in the Cayman Islands and a Chapter 15 bankruptcy proceeding in the U.S. Bankruptcy Court for the Southern District of New York.

paid any fees by the Receivership estate, and did not act in the best interests of Platinum. The dispute over this law firm's fee application is now the subject of discovery.

The Receivership Team also responded to other applications made before this Court and in other state court proceedings involving Platinum. Moreover, many of the Platinum investments are subject to their own bankruptcy proceedings or are involved in other court proceedings around the country and the world. During the Reporting Period, the Receivership Team continued to monitor such proceedings, either directly or through local counsel, and, when necessary, prepared pleadings and/or made appearances in such proceedings.

(a) **Website and Investor Communications.** In accordance with Section E.2.1 (Communications with Investors), the estate hired Garden City Group LLC ("GCG") to create the Receiver's website (PlatinumReceivership.com). This website provides investors and other interested parties with, among other things, periodic status reports, access to court documents and answers to frequently asked questions. The Receivers also revised and updated the website to add or update the "Frequently Asked Questions" section of the website and to add "key documents." The Receiver has also used the website to publish a general notification of the data security incident discussed below. The Receiver also established a mechanism on the website to allow interested parties to sign up to receive daily notices whenever there are new filings on the docket. The Receiver and/or the Receivership Team have also held numerous meetings and/or teleconferences with various investors and Defendants at their request.

The Receiver also organized and held a third "Town Hall" style webinar and telephone conference on June 6, 2018 to provide an update to investors and to answer questions submitted by investors. The Receiver received positive feedback concerning this webinar and intends to continue to hold them periodically going forward, including one to be held on August 15, 2018.

The videos of the Prior Town Halls are available through the website (www.platinumreceivership.com). The Receiver and the Receivership Team also have had periodic conference calls with the representatives of certain of the larger group of investors to discuss the monetization efforts and claims process and had one in-person meeting with a group of investors regarding a comparison of the list of assets on the Receiver's status reports compared to the list of assets provided by prior management. The information provided to this group of investors was subsequently posted to the website so that it would be available to all interested parties.

(b) **Taxes.** The preparation of PPCO's and PPLO's tax returns for the year ended December 31, 2017 has been completed. We expect to provide K-1s to investors by the end of the current month. The K-1 statements may show decreases in the value of investors' interests in the funds. These decreases reflect that the monetization of certain significant receivership assets have achieved less in value than that recorded on Platinum's books. The Receivership has not made any adjustments to the fair value of the investments. The significant decreases in values of investors' interests compared to the realized amounts are reflective of the fact that assets were significantly overvalued by prior management. The amounts listed on the K-1s are not necessarily reflective of what distributions investors may ultimately receive in this case. The Receiver cannot provide any tax advice. Investors are encouraged to consult their own tax advisor on the impact of the K-1 statements on individual tax returns.

(c) **Schafer & Weiner Fee Application.** During the Reporting Period, Schafer & Weiner ("S&W"), a Michigan law firm that was previously engaged by Platinum and that continued to provide legal services to the Prior Receiver in connection with the Arabella investment filed a fee application seeking to be paid nearly \$500,000 in unpaid legal fees for

work purportedly performed for the Prior Receiver. This litigation is currently pending before the Court and the various motion papers are available for public review. In addition to preparing the objection and sur-reply to S&W's fee request, the Receiver also issued a subpoena to S&W, objected to subpoenas issued by S&W and reviewed documents.

(d) **SEC Meetings.** The Receiver also regularly communicates with the SEC staff to keep them apprised of ongoing matters and to alert them to potential retentions and filings by the Receiver. The Receiver and Otterbourg also has periodic communications with SEC personnel about pending matters before the Court, including, for example, the S&W fee dispute.

(e) **PPVA.** The Receiver and the Receivership Team had regular teleconferences and in-person meetings at the Receiver's offices with the Joint Liquidators for the PPVA Master Fund and the PPVA Feeder Fund and/or their staff. The Receiver and the Receivership Team also regularly have asset-specific teleconferences with the Joint Liquidators or their professionals to discuss the liquidation or analysis of assets that are jointly held by PPVA and Platinum. Otterbourg also continued to discuss procedures to share with the Joint Liquidators non-privileged documents that are maintained on the Platinum servers controlled by the Receiver.

(f) **Data Security.** During the Reporting Period, the Receiver was alerted to a data security incident involving a single email account on a cloud-based service used by Platinum. As a result, the Receiver immediately engaged LMG Security, a leading independent cybersecurity firm. LMG has been working to further secure Platinum's systems, as well as to conduct a comprehensive forensic review to determine the scope of the incident, including the specific data that may have been impacted. The investigation to date has revealed limited unauthorized access to a single email account on a cloud-based service used by Platinum from March 19, 2018 to May 19, 2018.

The Receivership Team has investigated and is not aware of any impact on Platinum's bank accounts or other assets as a result of this incident, nor is Platinum aware of any attempt to misuse any individual personal information that may have been exposed as a result of this incident. While there is no evidence to suggest that there has been any attempt to misuse any of the personal information which may have been contained in the impacted data, those individuals who may have been directly affected by this incident have been sent and will shortly receive individual letters apprising them of the incident, and informing them of the services that the Receiver is offering to provide to them in an abundance of caution. The Receiver, working with the cyber response team at GCG, is establishing a call center to respond to inquiries by those individuals who receive letters from the Receiver, and is offering complimentary identify theft protection services through ID Experts®. This service includes 12 months of credit monitoring, a \$1,000,000 insurance reimbursement policy, and fully managed ID theft recovery services. With this protection, MyIDCare will help affected individuals resolve issues if their identity is compromised by reason of this cyber incident.

In addition to its forensic analysis, LMG Security and Platinum took steps to minimize and prevent any future unauthorized access to Platinum's electronic systems or data. In addition, the Receiver reported the incident to appropriate law enforcement and regulators nationally as well as in states whose residents may have been impacted by this incident. The Receiver kept the SEC apprised of the situation while it conducted its investigation of the matter.

(g) **Employees.** Since the Receiver's appointment, the number of employees has been reduced from thirteen to three. There is currently one remaining portfolio manager (portfolio manager for the Abdala Tailings Project investment), the Chief Financial Officer and the General Counsel. The director of information technology was transitioned to an independent

consultancy at a lower cost to the Receivership Estate, while maintaining the same level of service. During the Reporting Period, the Receiver finalized the separation agreement and employee benefits with one of the portfolio managers and coordinated an orderly exit.

(h) **Defendants.** During the Reporting Period, Otterbourg interfaced with counsel for the Defendants to discuss a variety of issues, including the production of certain documents on Platinum's servers. Otterbourg and Platinum's CFO had an in-person meeting and several follow-up calls to focus the requests and, ultimately to respond to the issued subpoenas. The Receivership Team also monitored the criminal proceedings and the state court proceedings in which the Defendants were seeking access to the additional insurance coverage. During the Reporting Period, the Defendants (by their counsel) also inquired if the Receiver was willing to recognize their demands for indemnification and, in particular, their demands that their defense legal costs be advanced for payment by the Receivership as part of their claim for indemnification. The Receiver declined their demands.

(i) **Navidea Indemnification Claim.** During the Reporting Period, Navidea Biopharmaceuticals, Inc. ("Navidea") sought leave from the Receivership Court to assert an indemnification claim against Platinum as a result of a claim asserted by PPVA against Navidea for repayment of a portion of a promissory note, the balance of which had been assigned to, and repaid to, Platinum during the Prior Receiver's tenure. Navidea claimed an entitlement to indemnification based on its payoff agreement with the Prior Receiver. The Receiver opposed Navidea's motion on the basis that Navidea had no colorable claim against Platinum and litigating the claim would constitute an unwarranted distraction and expense for the Receivership Estate. The Court has since denied Navidea's motion. *See* Dkt. No. 353.

(j) **Cayman Funds.** At the end of 2017, three Platinum funds organized under the laws of the Cayman Islands were added to the Receivership Estate. The Receiver has prepared, and presented to the Cayman regulators, the necessary forms to appoint new directors and designate a registered office to be in compliance with Cayman corporate regulations.

(k) **Receiver Oversight.** Time during the Reporting Period was also devoted to the general oversight of the Platinum Entities and the Receivership Estate. Conferences with the Receiver and members of the Receivership Team occurred on a daily basis to facilitate the exchange of relevant information and to avoid duplication of effort. The Receiver maintained direct oversight over all the legal and financially-related work being done by her Receivership Team. Otterbourg attorneys assisted the Receiver, along with assistance from internal management and Goldin, in analyzing budget, cash management and forensic accounting issues.

III. CASH, EXPENSES, AND UNENCUMBERED ASSETS

A schedule summarizing cash receipts and disbursements, as well as cash on hand for the Reporting Period, is set forth in the Schedule of Receipts and Disbursements attached hereto as **Exhibit A.**

As of June 30, 2018, the Receivership Entities had \$15.7 million in unencumbered funds, of which \$13.97 million was held in cash in bank accounts and \$1.77 million was held in brokerage accounts. These funds include proceeds from the liquidation of assets. Certain parties claiming an interest in particular assets sold have asserted claims to a portion of the sale proceeds of the particular assets sold (as opposed to a general claim against the Receivership Estate). Other parties have presented documentation purporting to grant them security interests in all or certain of Platinum's assets. These claims will be addressed in due course.

Cash disbursements during the Reporting Period totaled approximately \$3.5 million. This amount consisted primarily of (i) \$2.0 million in disbursements to the Receiver, her retained

professionals, as well as limited scope professionals hired by the prior receiver; (ii) \$475,000 in business asset expenses (payroll and related expenses paid to Platinum employees, as well as rent); and (iii) \$1.0 million in investment expenses, which include funds disbursed to preserve the value of the following assets: ALS life settlements portfolio (\$398,000), LC Energy (\$380,000) and the Abdala Tailings Project (\$266,000).

It is estimated that, as of June 30, 2018, accrued, unpaid administrative expenses amount to approximately \$3.6 million. This amount includes the estimate of fees and expenses that have been incurred by the Receiver, Otterbourg and Goldin during the Reporting Period and that will be requested in future applications, holdbacks for prior applications of the Receiver, Otterbourg and Goldin, holdbacks to the Prior Receiver's counsel (Cooley) with respect to its interim fee application, and fees and expenses of other professionals retained by the Receiver or the Prior Receiver. In addition to these unpaid administrative expenses, the Receivership Estate paid remaining in-house Platinum staff and other operating expenses during the Reporting Period.

Cash receipts during the Reporting Period totaled approximately \$11.8 million. This amount primarily consists of proceeds derived from dispositions associated with the following investment positions: ALS life settlements portfolio (\$10.5 million), Alcor Energy Solutions (\$600,000), Pedevco Corp. (\$300,000), Martin Kenney & Co., Ltd. (\$300,000) and Rolling Acres of Stamford (\$100,000).

IV. RECEIVERSHIP PROPERTY

(a) As of June 30, 2018, the primary assets of the Receivership Estate (“Receivership Property”) consisted of the following:

- (i) Cash and cash equivalents of approximately \$15.7 million⁸;

⁸ Of this amount \$13.97 million was held in cash bank accounts and \$1.77 million was held in brokerage accounts.

- (ii) Real estate investments without any set book value, due to their inherently speculative nature;
- (iii) Investments in natural resources, remaining litigation financing, energy and other miscellaneous investments; and
- (iv) Potential litigation claims.

A list of Receivership Property – namely each asset of the PPCO and PPLO entities – is attached hereto as **Exhibit B**.

The Receiver cannot ascribe values to each of the assets that have not yet been monetized. Unfortunately, many of the values ascribed to Platinum assets, whether by the Prior Receiver or Platinum management, were based upon assumptions that derived from prior (now removed) management’s plans, which are now (and likely always were) unrealistic and/or can otherwise no longer be supported. The actual realized value of these investments may differ materially from the valuations determined by Platinum’s prior management and/or the Prior Receiver, and the underlying assets may suffer from significant liabilities that were not accounted for in prior valuations. Many of the investments made by Platinum were investments in enterprises that are still in the developmental stage, have no established market value (with any future value being highly speculative) and, in some instances, require significant additional capital investment to even have the possibility of realizing a return on such investment. As such, the prior valuations were often based on assumptions that Platinum would invest significant additional capital in the assets with the hope that such investments would pay dividends in the long-term future. As the Court stated in the Houlihan Opinion, “[t]he Receiver is not tasked with making speculative investments. Instead, she is entrusted with the responsibility to prudently wind-down the Receivership Entities and dispose of the Receivership Assets in a manner that safely returns to stakeholders what value can be salvaged. She is not empowered to jeopardize that return by indulging in risky investment opportunities with the very money she has been

charged to return to the victims of alleged years' long fraudulent conspiracies." *Houlihan Opinion* at 8.

There are certain assets that may ultimately have no realizable value. Decisions regarding the monetization of investments necessarily will entail an understanding of the interplay between future expenses (*i.e.*, cost to the estate to maintain the asset) and the time it will take to market and obtain a purchaser for the investment. In the performance of her duties, the Receiver has also sought input from investors and prior management regarding certain of the investments. While the Receiver has made, and will continue to make, all decisions regarding the liquidation of the Receivership Entities' assets, and has made and will make informed decisions regarding each asset, the Receiver has elicited the input from others with knowledge of the asset and/or who have a stake in its disposition. Of course, all decisions are ultimately those of the Receiver. The Receiver's goal is to monetize and sell the investments in a manner that balances the interests of being judicious with the assets of the estate, maximizing value and expeditiously disposing of the assets to allow the Receiver to make distributions to investors and creditors and close the case.

In addition, certain parties have asserted an interest, including an alleged secured interest, in some or all of the proceeds of the sale of assets. The Receivership Team has started to engage with certain of these parties to discuss their asserted interests and has also been reviewing these purported interests in the context of the Receiver's forensics investigation. While the focus of the Receiver continues to be on selling the investments and ensuring a sound process for the marketing and disposition of the assets to achieve the fair market value of such assets, the Receiver has also begun to investigate potential claims that the Receivership Estate may be able to assert.

The Receiver has focused on a myriad of investments during the Reporting Period. Below is an overview of certain of the investments in which the Receiver and the Receivership Team have dedicated significant time. The below summaries include a brief description of the nature of the investment, work performed, and status during the Reporting Period.

(a) **Abdala Tailings Project** – refers to PPCO’s interests in (through a subsidiary, West Ventures LLC) a gold mine tailings impoundment located near Cuiaba, Brazil. PPCO’s interests have been the subject of litigation and negotiation with multiple parties-in-interest, including the owner of the mine itself, as well as the landlord and primary tenant of a nearby parcel on which a processing facility for the tailings is to be constructed. The project is now in the permitting stage.

This investment is within the portfolio of investments that Houlihan Lokey has been engaged to market and sell. Houlihan Lokey launched the marketing process for this asset at the end of 2017, a data room for interested parties that had signed a Non-Disclosure Agreement (“NDA”) was opened, initial bids were received and site visits were made by certain prospective purchasers. Houlihan Lokey then followed up with interested parties and Houlihan Lokey and the Receivership Team facilitated additional due diligence to enable interested parties to finalize their initial bids, including arranging for on-site visits with Houlihan Lokey and the Platinum project manager in March. Issues arose relating to the lease in which the gold tailings are planned to be transported for processing. The issues with the lease took longer than anticipated to resolve. As a result, the Receiver and Houlihan Lokey delayed the deadline for further, post-due diligence, submission of bids until all such issues could be resolved. Resolution of the lease issues was time consuming, but needed to be resolved before further bids could be made. Fortunately, the Receivership Team resolved the lease issues during the second

calendar quarter and final bids have recently been received. The Receiver is in the process of reviewing and analyzing the final bids. The Receiver anticipates that a winning bidder will be selected in the third quarter, definitive purchase documentation will then be finalized and executed, and she will thereafter apply to the Court for approval of the sale.

Since the Receiver's appointment, the Receiver and the Receivership Team have spent significant time analyzing the legal, financial, regulatory and business issues relating to the Abdala Tailings Project. During the Reporting Period, the focus was on resolving the issues that had delayed the final bidding process.

(b) **Agera** – refers to Agera Energy LLC and Agera Holdings, LLC. Agera is a retail energy service company. In June 2016, prior to the receivership, Principal Growth Strategy, LLC (“**PGS**”), which is owned 55% by PPVA and 45% by PPCO, sold a portion of its interests in Agera to certain entities affiliated and/or associated with Beechwood Re Investments LLC (“**Beechwood**”).

During the Reporting Period, the Receiver and the Receivership Team continued to analyze the legal and business issues relating to this transaction, with a focus on understanding the remaining value in PGS' positions with Agera, and determining the specific nature of the various transactions between and among, PPCO, PPVA, Beechwood, PGS and Agera. This review is relevant to the Receiver's ongoing forensics investigation.

(c) **Alcor Energy Solutions** - refers to a note held by PPCO in a company based in Mesa, Arizona that sells and leases clean energy turbines. In March 2017, the Prior Receiver entered into a Letter of Intent for the sale at a discount of PPCO's debt and equity positions to Maxus Capital, a Cleveland-based financier, for \$4 million of cash, plus a potential earn out which may be earned under various conditions. The Letter of Intent provided that \$3 million of

the consideration would be paid at closing and the remaining \$1 million would be paid 18 months after closing. The Promissory Note that the Prior Receiver and Maxus Capital executed in May 2017 in connection with the final \$1 million owed to PPCO provided that if Maxus Capital repaid the remaining balance of the purchase price on or before May 23, 2018, it would receive a \$400,000 discount. Maxus Capital exercised its prepayment option and during the Reporting Period, the Receiver received \$600,000 from Maxus Capital in full satisfaction of amounts owed to PPCO.

(d) **ALS Life Settlements Portfolio** – refers to a portfolio of life settlement investments owned through an entity in which PPCO is the majority owner and managing member.

During the last application period, the Receiver filed a motion for entry of an order approving the sale of twenty (20) separate life insurance policies (the “Policies” or the “Portfolio”) on fifteen (15) separate insureds in which Platinum has a majority ownership interest [Dkt. No. 311] (the “ALS Sale Motion”). Other than interests in one (1) policy that is the subject of a dispute with the insurer, the Policies that were the subject of the ALS Sale Motion were all of the remaining Policies in which Platinum had an indirect majority interest. The ALS Sale Motion was approved by the Court on April 23, 2018 [Dkt. No. 318] and the Receivership Team has since worked to effectuate the closing on all of the Policies subject to the approved purchase and sale agreements.

After filing the ALS Sale Motion, and after the conclusion of the Reporting Period, one of the Policies scheduled for sale matured. Pursuant to the purchase and sale agreement, ALS was entitled to receive the death benefits if a Policy matured prior to closing the sale (which is what occurred), with aggregate purchase price reduced by the amount of the purchase price

allocated to such policy. As a result of the sale and the maturity, ALS realized the aggregate amount of \$13,093,300, from which Houlihan Lokey was entitled to a transaction fee in the amount of \$750,000, resulting in a net realization of \$12,343,300. Certain parties have asserted a claim to all or part of the proceeds, as more fully described in the statements filed in response to the ALS Sale Motion.

During the Reporting Period, once the ALS Sale Motion was approved, the Receivership Team worked to effectuate the closing of the transaction, including obtaining all documents necessary to effectuate the transfers of the Policies. All but one of the Policies that were sold were transferred to the Purchaser during the Reporting Period. The one Policy that was not transferred during the Reporting Period (but has since been transferred) required additional work to effectuate the transfer because of a residual ownership interest on the Policy. Otterbourg worked with Houlihan Lokey and the residual interest owner to address the issue and eventually effectuate the transfer. As a result, approximately \$1.88 million of the total purchase price was received by the Receivership Estate shortly after the close of the Reporting Period and will be reflected in the next report. The remaining purchase price and the death benefit were all received during the Reporting Period.

During the Reporting Period, the Receivership Team also met with the minority shareholders of ALS that are asserting an interest in the proceeds of the Portfolio sale to discuss the respective rights of the parties under the ALS operative organizational documents. Such discussions are ongoing. The Receiver is also preparing for anticipated litigation involving a policy that was not sold, for which the insurance company is asserting that it terminated prior to the Receiver's appointment.

(e) **American Patriot Gold** – refers to Platinum’s ownership interest, through Maximilian Resources LLC (“Maximilian”), to approximately 370 acres of land fee simple, in addition to patented mining claims in Montezuma County, Colorado. American Patriot Gold ran the Red Arrow Mine on the property until its mining permit was revoked in March 2014 as a result of non-payment of restitution for environmental and operational violations. Conway MacKenzie has been asked to review this asset and provide the Receiver with disposition options.

During the Reporting Period, Conway MacKenzie continued to perform due diligence on this asset and make recommendations to the Receiver on disposition options. The Receivership Team also worked with Conway MacKenzie to assist with the due diligence on this asset, including ascertaining the precise ownership interests so that the land can be properly marketed and sold. Obtaining permitting and selling the asset as a working gold mine was assessed and has been determined not to be an economical option due to the significant cost and timeframes involved. The Receiver authorized Conway MacKenzie to retain a broker (which will be the subject of a forthcoming application) and authorized minimal expenses to fix the road to the property, which will both improve the value of the property and allow it to be accessed by the broker and potential purchasers.

(f) **Arabella** – refers to three entities each containing Arabella in their names. In 2014, Platinum (PPCO) made a \$16 million loan to Arabella Exploration, Inc. (“AEI”) pursuant to a \$45 million dollar facility (the “Loan”). The Loan was secured by all of AEI’s assets, and was guaranteed and secured by the assets of AEI’s subsidiaries, Arabella Exploration, LLC (“AEX”) and Arabella Operating, LLC (“AO” and, together with AEX and AEI, “Arabella”). Arabella has working interests in certain leased oil and gas properties in the Permian and

Delaware Basins in Texas. AEX and AO are debtors in bankruptcy proceedings in the U.S. Bankruptcy Court for the Northern District of Texas and a liquidation proceeding in the Cayman Islands (which has been recognized in a Chapter 15 case pending in the Northern District of Texas). Platinum filed claims in Arabella's bankruptcy proceedings in an amount of \$20,061,589. Pre-Receivership, a related Arabella entity in which Platinum does not have an interest – Arabella Petroleum Corporation (“APC”) – commenced an action against the Arabella Entities asserting claims for the recovery of certain assets that are the subject of PPCO's liens. APC is also a debtor in a bankruptcy proceeding pending in the Western District of Texas. The Prior Receiver entered into a settlement agreement with the Trustee of APC, settling the claims and agreeing to the interests of each estate in the combined assets that are to be sold in the respective bankruptcy cases. The Arabella Settlement Agreement was approved by this Court.

During the Reporting Period, the Receivership Team continued to address issues relevant to the settlement reached with Founders Oil & Gas III, LLC and Founders Oil & Gas Operating, LLC (collectively “Founders”) to resolve all issues regarding revenues and expenses, as well as future operatorship with respect to the wells. This settlement is the first step in enabling AEX's sale process to move forward. In addition, in connection with moving the sale process forward and obtaining maximum value for the AEX estate (of which PPCO is the largest secured creditor) AEX prepared and filed amended bidding procedures, negotiated terms for the exit of the current broker and retention of a new broker, which will add greater value to the sale, and have had discussions with the other non-operating interest holders regarding the addition of their acreage to the sale to increase the per acreage value.

During the Reporting Period, the Receiver and the Receivership Team had regular status conferences with the Trustees of the APC and AEX estates (and their respective

representatives). The Receiver and the Receivership Team also had frequent telephonic and e-mail communications with Arabella's retained professionals, including its Chief Restructuring Officer, bankruptcy counsel and litigation counsel to discuss issues concerning the settlement with Founders, the sale and bidding process, use of cash collateral, discussions with potential purchasers and/or strategic partners in connection with a sale, and discussions with the other non-operating well owners. The Receivership Team has been working with Conway MacKenzie who has been asked to assist with the evaluation and execution of monetization alternatives related to PPCO's interests in Arabella and to be the Receiver's "point person" in Texas.

In addition, during the Reporting Period, the Receiver (through Otterbourg) appeared in the Bankruptcy Court in Texas to contest a Notice of Transfer of Claim filed by the counterparty to a purported Participation Agreement entered into with the Prior Receiver. Under the terms of the Participation Agreement, in exchange for \$500,000, the participant was purportedly granted a 45% participation in the Arabella Loan after repayment of the \$500,000 purchase price to the participant, plus interest, and after payment of professional fees. This Participation Agreement was never approved by this Court. The "Participant" claimed that it was not a participation, but actually an assignment of claim to it and sought to have it recognized as the actual claimholder in the Arabella bankruptcy case. The Receiver objected to the Notice of Transfer of Claim and, during the Reporting Period, when the Bankruptcy Court in Texas set the issue for hearing, the Receiver prepared a further objection, objected to subpoenas issued by the purported participant, prepared document and witness lists, and appeared in court in Texas for the full day evidentiary hearing. Subsequent to the hearing, the Court issued an oral decision denying the transfer of claim. The Receiver intends to contest the validity of the Participation Agreement and/or reach a consensual resolution with the purported participant.

In addition to fluctuations in the oil market that will impact the per acre sale amount, the ultimate recovery on the Arabella Loan can be impacted by many other factors, including asserted materialman's (oil) liens, professional administrative expenses of the Arabella estates, an alleged "first out" participation claimed by certain professionals who represented Platinum in connection with Arabella, resolution of issues with the owners of certain of the leases, as well as the purported Participation Agreement entered into by the Prior Receiver.

(g) **Buffalo Lake Advanced Biofuels (a/k/a BLAB)** - refers to a idled, dry mill ethanol production facility located in Buffalo Lake, Minnesota in which PPCO, through West Ventures, holds a debt and equity interest. Conway MacKenzie has been asked to review this asset and provide the Receiver with disposition options. There are multiple legal, financial, regulatory and business issues relating to this investment that required attention so that the Receiver could seek to market the asset. West Ventures was a senior secured lender to BLAB's predecessor, Purified Renewable Energy LLC ("PRE"), an entity that filed bankruptcy in 2013. West Ventures acquired all of BLAB's assets in the bankruptcy proceeding through a credit bid of its prepetition secured debt. West Ventures' mortgage in the original principal amount of \$18 million was preserved, in part, under the bankruptcy court's sale order. West Ventures, however, did not acquire a continuing lien on BLAB's personal property. The Receiver determined that this investment did not warrant additional funding and caused West Ventures to enter into a Funding, Fee Sharing and Sale Proceeds Sharing Agreement (the "Funding and Sharing Agreement") with BLAB's CEO, Leo Fischer, which, among other things, provides a mechanism for continued funding to BLAB by Fischer and established the relative priority of claims as between West Ventures and Fischer.

Since the Receiver's appointment, the Receiver and the Receivership Team have worked in conjunction with Fischer and certain other receivership professionals and representatives to conduct focused due diligence with respect to the BLAB investment, including review and analysis of the underlying business, recent historical operating performance and cash flows for BLAB and an evaluation of its financial projections and strategic plans under various operating and non-operating scenarios. Conway MacKenzie also conducted an evaluation of strategic monetization alternatives for BLAB, including (i) an orderly liquidation; (ii) a near term sale of the company; (iii) an investment of additional resources to restart the business and then a sale; or (iv) abandonment of the asset if there is no value to the Receivership and to stop incurring professional fees on the asset.

Conway MacKenzie did significant due diligence, including compilation of a list of strategic purchasers, and contacted the strategic purchasers, as well as liquidators and auctioneers to determine the potential sale or liquidation value of BLAB. The Receivership Team also worked with Conway MacKenzie and Platinum's in-house counsel to evaluate BLAB's obligations, including tax obligations, liens and other expenses that would come ahead of any distributions of sale proceeds to the Receivership. The feedback from Conway MacKenzie's marketing and due diligence efforts -- the value of the real property assets in which West Ventures holds a lien either under a liquidation or sale scenario -- has been evaluated by the Receiver in the context of existing liens that come ahead of West Venture's interests and the waterfall provisions under the Funding and Sharing Agreement. Simply put, this investment is likely "under water" given the value of the assets (either in a liquidation or sale) and the priority of other liens and interest holders that are entitled to proceeds before West Ventures will receive any funds. It appears that, at best, a certain amount of professional fees may be able to be

recovered under the waterfall provisions of the Funding and Sharing Agreement. The Receiver does not intend to invest any further resources towards this investment.

(h) **China Horizons/Yellow River** – refers to PPCO’s equity and debt interests in two companies -- China Horizon and Yellow River—created to build a chain of convenience stores in rural China. The promissory note from China Horizon held by PPCO has a face value of approximately \$9.0 million and PPCO holds approximately 6.5 million share of stock in Yellow River. China Horizon was originally a joint venture with another company, China Post. China Post subsequently pulled out of the joint venture and China Horizon transferred its intellectual property to Yellow River. Yellow River, in turn, distributed its equity to the debt and equity holders of China Horizon. Subsequent to the transfer, China Horizon received approximately \$15 million from China Post as proceeds of the settlement of a dispute between them. PPVA also holds debt and equity in China Horizon and Yellow River. The promissory notes from China Horizon are not yet due.

Prior to the Reporting Period, the Receiver and the PPVA received an expression of interest from Yellow River’s largest investor to purchase PPCO’s and PPVA’s collective interests in the China Horizon notes and the Yellow River equity position. Members of the Receivership Team and representatives of PPVA met in person with the investor and, as a result of this meeting, an agreement in principle was reached that is now being documented. Once finalized, the Receiver will be able to disclose the specific terms and PPCO’s share of the proceeds, which will be shared with PPVA.

(i) **Cleveland Mining** – refers to Cleveland Mining Company Limited (“Cleveland Mining”), a publicly listed company located in Australia, and its subsidiary Cleveland Iron Holdings Pty Ltd (“Iron Holdings”). PPCO and Platinum Long Term Growth VII LLC are owed

approximately \$15.6 million, which is secured by a first priority security interest in all of Cleveland Mining's and Iron Holdings assets. PPCO also holds approximately 29.3 million shares of Cleveland Mining and approximately 50% of the equity of Iron Holdings. Cleveland Mining has a 50% joint venture interest in a gold mine located in Brazil, which is currently not operating and is the subject of litigation in Brazil.

The Receiver previously retained local counsel in Perth, Australia to assist in addressing the issues raised by Cleveland Mining, including management's demands and challenges to PPCO's filed security interests in Australia. The Receiver also previously retained a financial firm located in Australia to work directly with Cleveland to evaluate its current financial position and to determine the value (if any) of its assets. The assessment was that there is little to no value in the Cleveland Mining assets and that Platinum will not invest additional resources into this asset.

Cleveland Mining has since been placed into a liquidation proceeding in Australia and Platinum has filed a proof of debt form to register its claim. The Receivership Team has been in frequent communication with the Australian liquidator, including discussions regarding potentially selling the publicly listed corporate shell and an allocation of the proceeds between the liquidator and PPCO. These discussions are ongoing.

(j) **Daybreak** - refers to a publicly held oil and gas company with assets in the Kern County, California and in Montcalm County, Michigan. PPCO owns 99% of the membership interests and is the managing member of Maximilian, which is owed approximately \$9.2 million,⁹ plus accrued interest, from Daybreak on account of a senior loan, secured by Daybreak's interest in two joint ventures via a senior secured real property mortgage.

⁹ In California, Platinum's position in Daybreak includes a promissory note in favor of Maximilian with a face value of approximately \$9.1 million and in Michigan, Maximilian holds a promissory note with a face value of approximately \$100,000.

Maximilian also holds a percentage of working interests in the Michigan operation. Conway MacKenzie was asked to evaluate and market the Daybreak investment. Conway MacKenzie created a virtual data room and compiled a comprehensive list of parties that may be interested in purchasing the California and/or Michigan assets. During the Reporting Period, Conway MacKenzie engaged in discussions with those expressing an interest in bidding on the assets, 11 NDAs were executed, and initial bids were solicited. Subsequently, Conway MacKenzie further engaged with interested parties and further revised bids were submitted. The Receiver and the Receivership Team are evaluating the last round of bids received and, subject to minimal final due diligence, expect to be moving forward to finalize a sale with one of the bidders in the near term for the purchase of both the California and Michigan assets.

(k) **Greentown Oil Company** – refers to an investment in a company holding certain oil and gas assets located in the Paradox Basin in the state of Utah. Through Maximilian, PPCO holds a debt and equity interest in the company.

During the Reporting Period, the Receivership Team continued to work with Conway MacKenzie to better understand the complex legal, financial, regulatory and business issues relating to this investment. The Receivership Team commenced an investigation into the receipt of certain insurance proceeds by a Greentown related entity – Pacific Energy & Mining, Company (“Pacific”) -- that the Receiver believes were assigned to Maximilian. Maximilian has asserted a right to the proceeds. In June 2017, while the Receivership case was pending, Pacific commenced a declaratory judgment action in the U.S. District Court for the District of Nevada (Pacific Energy & Mining Company v. Maximilian Resources LLC, Case No. 17-cv-00363 (HDM) (VPC)) (the “Litigation”), seeking a declaration that Pacific does not owe any money to Maximilian. The Receiver has responded to the complaint. During the Reporting Period, the

Receiver continued to engage in motion practice and has had periodic discussions regarding resolution of the Litigation.

The Receivership Team and Conway MacKenzie continue to explore disposition options. The Receiver is also exploring options available to Platinum pursuant to an indemnity agreement and guaranty agreement executed in connection with the original loan and security agreement and the subsequent loan modification agreement.

(l) **LC Energy** – refers to LC Energy Holdings, LLC, the owner of the Goldstar Coal Mine in Green County, Indiana, which is wholly owned by PPCO. PPCO acquired its ownership interest in the mine in March 2014 in the bankruptcy case of In re Lily Group, Inc., Case No. 13-81073 (Bankr. S.D. Ind.). Following its acquisition of the mine, PPCO retained a third party mining contractor to assist it in putting the mine back into production. Through a combination of mismanagement and a downturn in coal prices, the mine did not reach cash flow breakeven, the contract miner was terminated, and the mine idled. A new mine operator has subsequently been retained who now oversees environmental remediation and mine security.

Since the Receiver's appointment, the Receiver has analyzed the legal, financial, regulatory and business issues relating to this investment and analyzing potential liabilities and options for disposition of the asset. The Receivership Team has had multiple conversations with the mine operator regarding the mine and potential disposition. The Receivership Team has been working with Houlihan Lokey in preparation for launching the marketing of this asset. The Receivership Team has also worked with the Receiver's local counsel reviewing purported residual claims and liens on the assets to determine their validity and quantify the amount of such residual claims. During the Reporting Period, the Receivership Team, the Receiver and Houlihan Lokey discussed the best approach for quantifying and resolving the asserted claims

and liens in the Lily Group bankruptcy proceeding. Resolution of such issues will assist with the marketing efforts, which have been delayed until the claim issue can be resolved. The Receiver, Houlihan Lokey and local counsel continue to discuss how best to resolve these issues and thereafter market the asset. The Receiver continues to make lease payments on the mine to maintain the value of the asset until it can be monetized. During the Reporting Period, a total of \$380,000 was expended to maintain this asset.

(m) **Martin Kenney & Co. Ltd.** - refers to PPCO's former interests in a loan and credit facility in favor of Martin Kenney & Co. Ltd., through PPCO's subsidiary Hamilton Capital III LLC. This was a litigation financing facility.

The Receiver previously sold this loan facility at par plus accrued interest, realizing \$1.8 million for the Receivership Estate. The Receivership Estate, however, retained interests in certain litigation outcomes. During the Reporting Period, Martin Kenney Solicitors sold its interests in such litigations, including Platinum's back-end interest. As a result, the Receivership Estate received \$300,000.

(n) **NordAq Energy** – refers to a privately held oil and gas company that holds a 17.5% working interest in oil and gas development on 20,491 gross acres located offshore from Alaska in the Beaufort Sea in an area called Smith Bay. NordAq is the Operator on two of the wells, both non-producing and non-revenue generating. PPCO owns shares and potentially warrants in NordAq through RJ Funding LLC. The shares held by PPCO represent approximately 2% of the total shares issued. Monetization of this investment is challenging as it is illiquid private equity in a financially challenged pre-revenue company with significant debt. The company's largest asset is tax credits. This asset created a further challenge because of the limited information in Platinum's files regarding NordAq's capital structure, rights, obligations

and claims of other investors. As a result, Conway MacKenzie had to rely upon limited information from the company's CFO.

During the Reporting Period, the Receiver evaluated an offer that was received for the purchase of PPCO's stock and warrants. The Receiver discussed with Conway MacKenzie other options, including whether management would be interested in purchasing PPCO's interests. The Receiver directed Conway MacKenzie to further engage with the interested party to determine if a sale can be closed in the near term. The Receivership Team began to prepare legal documentation so that a sale could be quickly closed once a firm offer is made and accepted.

(o) **PEDEVCO Corp., d/b/a Pacific Energy Development** – refers to a publicly-traded energy company engaged in the acquisition and development of strategic, high growth energy projects, including shale oil and gas assets, in the United States. Platinum's interest in PEDEVCO is through its 45% ownership in PGS, which owns a loan receivable from PEDEVCO that had a principal balance of approximately \$13.6 million. PPVA also holds an interest in PGS and, thus, has an interest in PEDEVCO.

PEDEVCO has been experiencing significant operational issues, which impact the ability to service its debt and place into question the value, if any, of PGS's loan receivable from PEDEVCO. The Receiver and PPVA received an offer to purchase their interests in this asset at a considerable discount as a part of a global financial restructuring of PEDEVCO in which the shareholders are being heavily diluted. After due consideration, the Receiver and PPVA accepted the offer, which both viewed as favorable given the likelihood of any repayment of the loan was highly unlikely. During the Reporting Period, the sale was documented and finalized and PPCO received its share -- \$300,000 – of the sale proceeds.

(p) **Pro Player** – refers to a Platinum entity that made loans to professional athletes, often at the beginning of their careers. A portfolio of these loans still has overdue outstanding balances owed to Pro Player by these athletes.

During the Reporting Period, the Receiver compiled a due diligence package on the loans to present to third party liquidators to determine interest in purchasing the portfolio or acting as Platinum’s agent, thus mitigating the expense and uncertainty of pursuing collection directly.

(q) **Rolling Acres of Stamford** – refers to a \$200,000 participation held by PPCO in a \$3.2 million mortgage note, accruing interest at 14%, which was due in November 2006. The loan was used to acquire a 4.4 acre plot of land in Stamford, Connecticut. The \$200,000 participation interest is held by RE Credit LLC, a wholly owned subsidiary of PPCO. To date, only a few houses have been built on the plot of land. Interest in the development has been minimal and the remainder of the land has not been developed (and may not be developed). The Receiver received an offer to purchase PPCO’s participation interest for \$100,000. Given the dormancy of the development project and the likelihood of collecting on the loan, the Receiver accepted the offer to purchase that she received from Magdalena Shtern. During the Reporting Period, the Receivership Team worked with the purchaser’s counsel and Platinum’s in-house lawyer reviewing and finalizing the documents that transferred ownership to the purchaser.

V. LIQUIDATED AND UNLIQUIDATED CLAIMS HELD BY THE ESTATE/INVESTIGATION OF TRANSACTIONS

The Receiver has, thus far, only commenced an arbitration proceeding against a pre-petition professional. The Receivership Team is currently analyzing transactions involving Platinum and certain insurers, including Beechwood, Senior Health Insurance Company of Pennsylvania and CNO Financial Group, Inc. These transactions, which are among the largest and most complex engaged in by Platinum, include the \$170 million sale to a Beechwood-related

entity of a convertible note issued by Agera Energy LLC. In the period ahead, the Receivership Team will continue to assess the insurers' involvement with Platinum, whether through investments or borrowings, in an effort to understand the full scope of their involvement with the Receivership Entities.

Simultaneously with this investigation, the Receivership Team continues to investigate certain pre-receivership activities to determine whether causes of action exist against, among others, valuation agents, fund administrators, auditors, legal advisors and other professional firms. The Receiver has issued subpoenas to certain parties and it is anticipated that additional subpoenas will be issued this quarter. For certain claims in which a statute of limitations may be approaching, the Receiver has, and will continue to reach out to the potential target to enter into tolling agreements to allow the receivership team the appropriate time to investigate potential claims and, if necessary, commence action(s) against those parties who have declined to toll the statute of limitations.

The Receiver expects that certain actions will be commenced, although she cannot state at this time the ultimate targets and when the actions will be commenced. The timing of the commencement of certain actions may be dictated by statute of limitations. For those actions in which a statute of limitation is not an issue, the Receivership Team will continue to investigate and develop a factual basis for potential causes of action and targets. The Receiver cannot state the ultimate value of any claims and the likelihood and timing of collecting on any judgment or settlement that may ultimately be obtained. At the heart of the analysis will be a determination of the cost/benefit of asserting claims. Investigation and litigation are costly endeavors and the Receiver does not intend to expend material estate assets unless the Receiver has the necessary

facts and information to assert a meritorious claim and has concluded there is a likelihood of recovering funds if liability is eventually found.

VI. LIABILITIES OF THE RECEIVERSHIP ESTATE

Pursuant to Paragraph 47 of the Receiver Order, below, please find a description of the Receivership Estate's potential liabilities as of June 30, 2018. Certain liabilities described herein, particularly those pertaining to creditor claims, are uncertain, and will remain as such until the Receivership Team concludes its claims analysis and forensic investigative processes.

(a) **Creditors.** The creditor-related information presented below is based on prior management's books and records, which are as of December 19, 2016, the date Platinum entered receivership. The Receivership Team will test the veracity of these numbers as part of its ongoing forensic investigative and upcoming claims analysis processes.¹⁰

- PPCO Lenders: PPCO owed \$65.9 million to three (3) lenders.
- PPCO Unpaid Redemptions: PPCO owed \$28.2 million to 21 PPCO unpaid redeemers.
- PPLO Unpaid Redemptions: PPLO owed \$6.5 million to three (3) PPLO unpaid redeemers.
- PPCO and PPLO Outstanding Payables: PPCO and PPLO had \$2.7 million of outstanding payables attributable to 23 vendors.

(b) **Accrued Administrative Expenses.** As of June 30, 2018, accrued, unpaid administrative expenses amount to approximately \$3.6 million. These administrative expenses primarily consist of accrued and unpaid professional fees. In addition to these unpaid administrative expenses, the Receivership Estate has budgeted approximately \$150,000 per

¹⁰ The validity and amount of claims may differ materially from the values reported by prior management.

month to pay the remaining in-house Platinum staff and to cover other operating expenses. The Receiver is continually looking to reduce these and other expenses.

(c) **Disbursements to Preserve the Value of Certain Investments.** The Receiver expects to incur expenses amounting to approximately \$140,000 to preserve the value of the LC Energy (\$110,000) and Abdala (\$30,000) investments, pending the conclusion of the associated sales processes.

(d) **Investors.** The Receiver currently believes that there are 286 known investors. The aggregate net cash invested by investors in the Platinum Entities is approximately \$310,000,000. After conferring with the SEC, at this time, to protect the privacy of the investors, the Receiver is not filing with this Fourth Status Report a list of the names of each investor and the amount of such investor's net cash investment. The actual amount and value of the investors' claims is ultimately dependent upon the net recovery obtained on Receivership Property. The amount of "net cash invested" may be materially different than the amount ultimately received by the investor.

VII. CLAIMS ANALYSIS

The Receiver has not yet initiated a formal claims bar date or process. The Prior Receiver had posted a claim form for creditors to assert a claim. The Receivership Team has copies of all claims submitted to the Prior Receiver. The Receiver has not yet determined how different types of claims or creditors will be treated and we has not yet developed guidelines for how different investors' or creditors' claims will be treated or the method that will be used. Similarly, the Receiver has not determined if there will be one pool of assets for all allowed claims of all of the Platinum entities in the receivership estate. Although the Receiver has not yet formalized a claims process, the Receivership Team and Platinum's Chief Financial Officer

are compiling information on potential creditors and investors that will ultimately be useful in determining how best to have creditors and investors assert claims and determining how different claims will be treated. The Receivership Team is reviewing the relevant information and may begin to launch a formal claims process during the current calendar quarter, although this timeline could change.

VIII. RECOMMENDATIONS FOR CONTINUATION OR DISCONTINUATION OF RECEIVERSHIP

The Receiver believes that continuation of the receivership is in the best interests of the creditors and investors of the Platinum Entities. While the Platinum Entities could be liquidated in a bankruptcy proceeding, for the reasons stated in the Receiver's previous Status Reports, the Receiver continues to believe that continuing with the orderly liquidation of the Platinum Entities in this receivership case provides much greater flexibility to achieve an equitable result for the investors who have been wronged here. To start over at this late date – well over a year into the receivership case and following the appointment of a second receiver six months into the case -- would be extremely time consuming and expensive. Importantly, it would disrupt the marketing and sales processes that are currently underway, ultimately reducing the recoveries to investors and other creditors as a result of added administrative expenses and prolonging the liquidation process.

IX. CONCLUSION

The Receiver cannot at this time state when she expects the case to be concluded. The Receiver expects that distributions to investors and creditors will not begin to occur until the end of this calendar year, at the earliest. The timing of distributions is dependent upon the time it will take to liquidate substantially all of Platinum's remaining assets, the funds available from such liquidation and decisions regarding the claims reconciliation process and determination of

creditors entitled to a distribution. The Receiver anticipates that the sale of the Abdala Tailings Project, and additional smaller sales, will be completed during the current calendar quarter, all of which will be reported upon in future status reports to the Court.

Dated: July 20, 2018

Otterbourg P.C.

By: /s/ Adam C. Silverstein

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On Behalf of Melanie L. Cyganowski, as Receiver

EXHIBIT A

PLATINUM PARTNERS CREDIT OPPORTUNITIES MASTER FUND LP AND AFFILIATED ENTITIES**Schedule of Receipts and Disbursements**

	Period from 4/1/2018 to 6/30/2018			Cumulative Total from 7/7/2017 to 6/30/2018		
	PPCO	PPLO	Total	PPCO	PPLO	Total
Cash (Beginning of Period)	\$ 5,427,494	\$ 1,766,246	\$ 7,193,741	\$ 7,788,872	\$ 1,617,492	\$ 9,406,363
Receipts						
Business Income	-	-	-	-	-	-
Cash and Securities	-	-	-	-	-	-
Interest/Dividend Income	-	-	-	-	2,321	2,321
Business Asset Liquidation	11,836,245	7,585	11,843,830	34,813,512	150,872	34,964,384
Personal Asset Liquidation	-	-	-	-	-	-
Third-Party Litigation Income	-	-	-	-	-	-
Miscellaneous - Other	227,766	-	227,766	492,548	3,146	495,693
Total Receipts	\$ 12,064,010	\$ 7,585	\$ 12,071,595	\$ 35,306,060	\$ 156,340	\$ 35,462,399
Disbursements						
Disbursements to Investors/Claimants	-	-	-	-	-	-
Disbursements for Receivership Operations	-	-	-	-	-	-
Disbursements to Receiver or Other Professionals	(1,988,587)	-	(1,988,587)	(8,928,260)	-	(8,928,260)
Business Asset Expenses	(475,257)	-	(475,257)	(2,489,470)	-	(2,489,470)
Personal Asset Expenses	-	-	-	-	-	-
Investment Expenses	(1,044,113)	-	(1,044,113)	(17,611,061)	-	(17,611,061)
Third-Party Litigation Expenses	-	-	-	-	-	-
Tax Administrator Fees and Bonds	(13,731)	-	(13,731)	(96,324)	-	(96,324)
Federal and State Tax Payments	-	-	-	-	-	-
Disbursements for Distribution Expenses Paid by the Fund	-	-	-	-	-	-
Disbursements to Court/Other	-	-	-	-	-	-
Total Disbursements	\$ (3,521,688)	\$ -	\$ (3,521,688)	\$ (29,125,115)	\$ -	\$ (29,125,115)
Cash (End of Period)	\$ 13,969,817	\$ 1,773,831	\$ 15,743,648	\$ 13,969,817	\$ 1,773,831	\$ 15,743,648

EXHIBIT B

Receivership Property List

PPCO Assets

Asset Name	Asset Type
1) Abdala Tailings Project	10-Year Right to Mine Tailings
2) Acceleration Bay	Back-end proceeds from litigation
3) Activision TV, Inc.	Patent Portfolio
4) Agera Energy LLC	Preferred Stock
5) ALS Capital Ventures, LLC	Life Settlements Portfolio
6) American Patriot Gold, LLC	Fee Ownership of Real Estate
7) Andrew McCarrell v. Hoffmann - La Roche Inc. and Roche Laboratories, Inc. (Accutane)	Litigation Finance Investment
8) Arabella Exploration Inc.	Loan Receivable
9) Azarga Uranium Corp.	Common Stock
10) Bahamas Properties	Ownership Interest
11) Buffalo Lake Advanced Biofuels LLC	1) Loan Receivable 2) Common Stock
12) Carbon Credits	Participations in PPVA deals
13) Celsius Resources Ltd	Common Stock
14) China Horizon Investment Group Ltd.	Loan Receivable
15) Claus Shelling Family Trust	Life Settlements Portfolio
16) Cleveland Mining Company Ltd.	1) Loan Receivable 2) Common Stock
17) Credit Card Receivables Portfolio	Loan Receivable
18) Daybreak Oil and Gas, Inc.	1) Term Loan 2) Warrants 3) 40% PPCO Ownership Interest in Belvidere Field in Michigan
19) Decision Diagnostics Corp.	Preferred Stock
20) Environmental Service Professionals, Inc.	Common Stock

Receivership Property List

PPCO Assets

Company Name	Asset Description
21) Golden Gate Oil LLC	Notes Receivable
22) Greehey & Company	Loan Receivable
23) Greentown Oil Company, LLC	1) Secured Note 2) Unsecured Note
24) Grey K Environmental Fund II, L.P.	Investment in Closed-End Fund
25) Estate of William Davidson v. Deloitte Tax LLP	Litigation Finance Investment
26) Judah Perlstein	Loan Receivable
27) Katrina Barge Litigation Joint Venture, LLC	Proceeds from Litigation
28) Khorrami Pollard & Abir, LLP	Loan Receivable
29) LC Energy Operations LLP	1) Loan Receivable 2) Common Stock
30) Millennium Healthcare, Inc.	Common Stock
31) MMP Resources Limited (f/k/a Sino Construction)	Common Stock
32) Montsant Partners LLC	Loan Receivable
33) Nisayon International Inc.	Loan Receivable
34) NJ Ethanol LLC	1) Class B Preferred Stock 2) Common Stock
35) Nordaq Energy Inc	1) Common Stock 2) Warrants
36) Over Everything LLC	1) Loan Receivable 2) Common Stock
37) Pedevco Corp	1) Loan Receivable 2) Common Stock
38) Pro Player Athletes	Loan Receivable
39) Rolling Acres of Stamford	Loan Receivable
40) Thomas Martin Family Trust	Life Settlements Portfolio
41) Total Asset Recovery Services, LLC (TARS)	Litigation Finance Investment
42) Urigen Pharmaceuticals, Inc.	1) Note Receivable 2) Preferred Stock
43) Xcell Energy Inc.	Loan Receivable
44) Yellow River	Common Stock

Receivership Property List

PPLO Assets

Company Name	Asset Description
1) Alcyone Resources Limited	Common Stock Note Receivable
2) Bang Holdings Corp.	Warrants
3) Black Elk Energy LLC	Note Receivable
4) Blink Car Charging (f/k/a Car Charging Group)	Common Stock
5) China Cablecom Holdings Ltd.	1) Common Stock 2) Preferred Stock
6) Echo Therapeutics, Inc.	1) Preferred Stock 2) Common Stock 3) Warrants
7) Misung Polytech	Loan Receivable
8) Navidea Biopharmaceuticals, Inc.	Common Stock
9) Ochre Group Holdings Limited	Common Stock
10) Range Resources Limited	Common Stock
11) Sun Resources NL	Options
12) Valley Forge	Common Stock
13) Wexford Petroleum Corporation	Common Stock
14) Woori Technology Inc.	Warrants

Receivership Property List

Jointly Held PPCO / PPLO Assets

Company Name	Asset Description
1) Cokal Limited	1) Loan Receivable 2) Common Stock 3) Warrants
2) Copper Rider / Parot Tovot	1) Loan Receivable - Parot Tovot 2) Loan Receivable - Copper Rider
3) Infinity Augmented Realty, Inc.	1) Series A Preferred Stock 2) Series B Preferred Stock 3) Common Stock 4) Options
4) Northstar Offshore Group	1) Preferred Stock 2) Loan Receivable - Subordinated Debt 3) Loan Receivable - Line of Credit 4) Note
5) Platinum Partners Value Arbitrage Fund	Loan Receivable